



# DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers  
WASHINGTON, D.C. 20314-1000

REPLY TO  
ATTENTION OF:

CERE-RP (405)

8 November 1994

## MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Payment of Closing Costs for Private Sale Benefits,  
Homeowners Assistance Program (HAP)

1. The FY95 DOD Authorization Act, Public Law 103-337, signed into law 5 October 1994, amends Section 1013(c) of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3374(c)) by inserting after the first sentence the following new sentence, " The Secretary may also pay a person who elects to receive a cash payment under clause (1) of the preceding sentence an amount that the Secretary determines appropriate to reimburse the person for the costs incurred by the person in the sale of the property if the Secretary determines that such payment will benefit the person and is in the best interest of the Federal Government."
2. The intent of this amendment is to promote private sales as opposed to Government acquisition. In some cases, the applicant may sell the home for more than 95% of the prior fair market value. Although no HAP benefits would be available, it has been determined that the payment of acceptable closing costs will benefit the person. It is also in the best interest of the Federal Government. This payment of closing costs may be the deciding factor whether or not a private sale takes place which is more beneficial to the government than a government acquisition.
3. Under most permanent change of station (PCS) orders for federal civilian employees, they are entitled to reimbursement of certain closing costs in connection with the sale of their primary residence. Under a PCS move, military servicemembers have never been entitled to this reimbursement. Military servicemembers will be entitled to this reimbursement under the HAP.
4. The allowable expenses for reimbursement are included in the Joint Travel Regulation (JTR), Chapter 14, paragraph C14002. The same allowable expenses will be eligible for reimbursement under the HAP. The supporting documentation will be the same as contained in paragraph C14004 (b).
5. For those applicants eligible for both PCS and HAP reimbursements, they should be given the option as to which method they elect. They must be made aware that HAP reimbursements are taxable as wages but PCS reimbursements are

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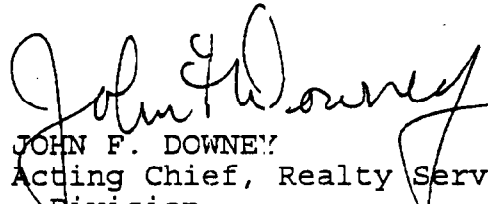
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eligible for relocation income tax allowances (RITA). RITA is governed by the JTR, Chapter 16. They should also be cautioned that duplicate payments under both are illegal and subject to fine and/or imprisonment.

6. Payments for closing costs should begin immediately. Do not go back to previous applicants and make retroactive payments. Any questions concerning settlements already made after 5 October 1994 should be immediately reported to the undersigned or Ms. Lee Bevins, 202-272-0517/FAX 202-272-1035.

FOR THE DIRECTOR:

  
JOHN F. DOWNEY  
Acting Chief, Realty Services  
Division  
Directorate of Real Estate

DISTRIBUTION:

COMMANDER

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